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SUBJECT: EU TRANSPORT MINISTERS FOCUS ON TRAN-EUROPEAN
TRANSPORT NETWORK AND THE ENVIRONMENTAL ISSUES

Classified By: CDA Maryruth Coleman for reason 1.4 (b)
and (d).

Summary

¶1. (U) At their May 6 informal meeting, EU transport ministers examined the status of the trans-European transport network (TEN-T) and discussed measures needed to reduce carbon emissions by 20 percent by ¶2020. At a related press conference, Slovene Minister of Transport and Transport Council president Radovan Zerjav reaffirmed the EUQs commitment to the TEN-T despite its history of funding shortages and delays in implementation. EU Transport Commissioner Jacques Barrot outlined a five-point plan for moving toward an EU-wide sustainable transport network by "internalizing" the cost of pollution. End Summary.

What is TEN-T?

¶2. (U) In 1996, the EU established TEN-T to coordinate the construction and integration of road and rail systems throughout the EU community. The goal was to reinforce the concept of a single market with free movement of passengers and goods, strengthen economic ties between member states, and increase overall competitiveness in the EU both by lowering the cost and increasing the efficiency of EU transportation systems. Faced with fourteen networks of national road and railways, TEN-T was established to define common guidelines for future infrastructure development and a series of priority projects. It also established financial instruments to encourage member states to implement those projects. In 2004 TEN-T revised its guidelines, in anticipation of EU enlargement, and increased the number of priority projects from fourteen to thirty. Of the thirty projects, eighteen concern railway developments, ten involve highways, and two are inland waterway and shipping projects. Because TEN-T relies only on strongly suggested guidelines and financial incentives, it has been plagued with delays and financing difficulties. Each member state is expected to finance its own infrastructure project within its planned budget, but there is no cross-border planning entity to insure that projects are developed or integrated in a coordinated manner.

Where Do Things Stand?

¶3. (U) At the informal transport ministerial press conference, EU Transport Commissioner Jacques Barrot said one-third of TEN-TQs priority projects are now complete, one-third should be completed by 2013, and the remaining third is expected to be done by 2020. He acknowledged the

program's problems, noting that the ministers had focused their informal ministerial discussions on eliminating bottlenecks and cross-border issues. He urged member states to reaffirm their commitment to financing transportation infrastructure development in general and TEN-T priority projects in particular. According to Barrot, the EU currently only spends an average 0.5 percent GDP on infrastructure, down from a previous level (and TEN-T goal) of 1.5 percent. He said member states must raise the average to 1 percent if Europe is to meet the transportation challenges facing it. Slovene Transport Minister Radovan Zerjav unveiled a Loan Guarantee Instrument for Trans-European Transport Network Projects (LGTT), a new financial instrument set up and developed jointly by the European Commission (EC) and the European Investment Bank (EIB), aimed at increasing the involvement of the private sector in financing TEN-T projects.

Transport Ministers and Commission: Reduce Transport's Impact on Climate

¶4. (U) Barrot also told the press that the EU needed to tie together its TEN-T goals with the EU's climate change program. He noted that the Commission is developing a model for identifying the pollution costs of transportation, then internalizing those costs and passing the real costs on to the emitters. He said the Commission will present its findings on June 17. Barrot concluded by outlining five factors that the member states must keep in mind as the EU develops a comprehensive sustainable transport strategy:

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- All modes of transport should be covered; for example, air transport emissions costs could be addressed by the Emission Trading Scheme (ETS), while maritime emissions could go through the International Maritime Organization (IMO).
- Considering that 90 percent of external costs are due to road traffic, member states should focus on significant improvement in road development.
- Member states should have the freedom to adjust and calculate tolls according to the amount of pollution and congestion each vehicle causes. He stated this would give businesses incentives for choosing better routes and avoiding peak traffic times.
- All member states should commit a percentage of transport revenues to a fund for sustainable transport.
- New measures should work to reduce noise pollution, traffic congestion and CO₂ emissions. Since trucks are responsible for 30 percent of the CO₂ emitted, member states should quickly find a way to address this mode in particular.

General Support for Taxing Polluters

¶5. (C) Diplomatic Advisor Giuseppe Cassini, head of the Italian Transport Ministry delegation to the informal meetings, told Emboff on May 9 that there was broad support for internalizing the cost of pollution and taxing heavy emitters, and that he considered the plan a revolution in transport. He noted that French Minister of State Dominique Bussereau took a particularly strong lead role in support of the plan, whereas Spanish Secretary General for Transport Fernando Palao was reluctant to support this measure.

A Skeptical Press

¶6. (SBU) The press seemed to receive Barrot's and Zerjav's presentation with skepticism. French and

Slovene journalists questioned the Commission's ability to get member states to spend more money or avoid further delays due to lack of funding. Barrot and Zerjav acknowledged these as legitimate concerns, but suggested that delays could be remedied partially by the new LGTT financing mechanism. Barrot stressed that it is the duty of member states to do all they can to work on TEN-T goals to reduce the environmental impact of transport since infrastructure planning plays a part in the EU climate and energy package.

Comment

¶7. (SBU) While the TEN-T program is ambitious, its reliance on member states for funding has resulted in delays of some projects for more than ten years. Designing new financial instruments that encourage the involvement of the private sector may be a solution to allow, with incentives, individual member state to support the major cross border integration work needed to set up a seamless, efficient EU-wide transportation network. If the EU climate and energy package forces member states to address transportation more comprehensively, TEN-T could progress more rapidly. The greening of the EU transportation sector will depend on both commitment of principle and money by the member states.

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